



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 5, 1999

S. 1255

Anticybersquatting Consumer Protection Act

As reported by the Senate Committee on the Judiciary on July 29, 1999

Cybersquatting (or cyberpiracy) consists of registering, trafficking in, or using domain names (Internet addresses) that are identical or confusingly similar to trademarks with the bad-faith intent to profit from the goodwill of the trademarks. S. 1255 would allow trademark owners to sue anyone who engages in such conduct for the higher of actual damages or statutory damages of \$1,000 to \$100,000 for each domain name. The bill also would allow the courts to order the forfeiture, cancellation, or transfer of domain names in such instances.

Because S. 1255 would not significantly affect the workload of the Patent and Trademark Office or the court system, CBO estimates that implementing the bill would not have a significant effect on the federal budget. S. 1255 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 1255 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and could benefit state, local, or tribal governments to the extent that these governments would be able to sue and recover damages from infringement or dilution of trademarks based on the provisions of the bill. Any such benefits are expected to be minimal based on the potential damage awards and the costs of litigating such suits.

The CBO staff contacts are Mark Hadley (for federal costs), and Shelley Finlayson (for the state and local impact). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.